

The Top 3 Technology Priorities in Midsize Enterprises

Published 29 August 2022 - ID G00774473 - 10 min read

By Analyst(s): Mike Cisek, Albert Gauthier, Paul Furtado

Initiatives: [Midsize Enterprise Technology Leadership](#)

Midsize enterprise IT teams support business priorities by making substantive technological contributions to growth, transformation and operations. This research will help MSE technology leaders identify and programmatically apply rightsized technologies to effectively execute across multiple domains.

Overview

Key Findings

- The accelerated rate of change in the realm of security and the associated infrastructure, applications and cloud ecosystems complicates the selection and adoption of controls and tools.
- The ability to interpret and act on high-quality data and data-driven insights is often done independently of application modernization and integration efforts.
- Designing infrastructure by myopically focusing individual components, as opposed to hybrid infrastructure services as whole, leads to unwarranted complexity, operational inefficiencies and negative impact on workload placement and resiliency.

Recommendations

Technology leaders in midsize enterprises must:

- Maximize impact of security investment dollars by focusing on data breach and incident response technologies.
- Fill 24/7 security operations gaps by partnering with managed security information and event management (SIEM) and managed detection and response (MDR) providers.

- Exploit and monetize any available data (internal or external) with AI and machine learning to build predictive models that more accurately and actively align products with customers.
- Enable effective workload placement by implementing a hybrid infrastructure for heterogeneous workloads to securely traverse on-premises, edge and cloud-native environments

Strategic Planning Assumption

Sixty percent of MSE infrastructure spend will be noncloud through 2025.

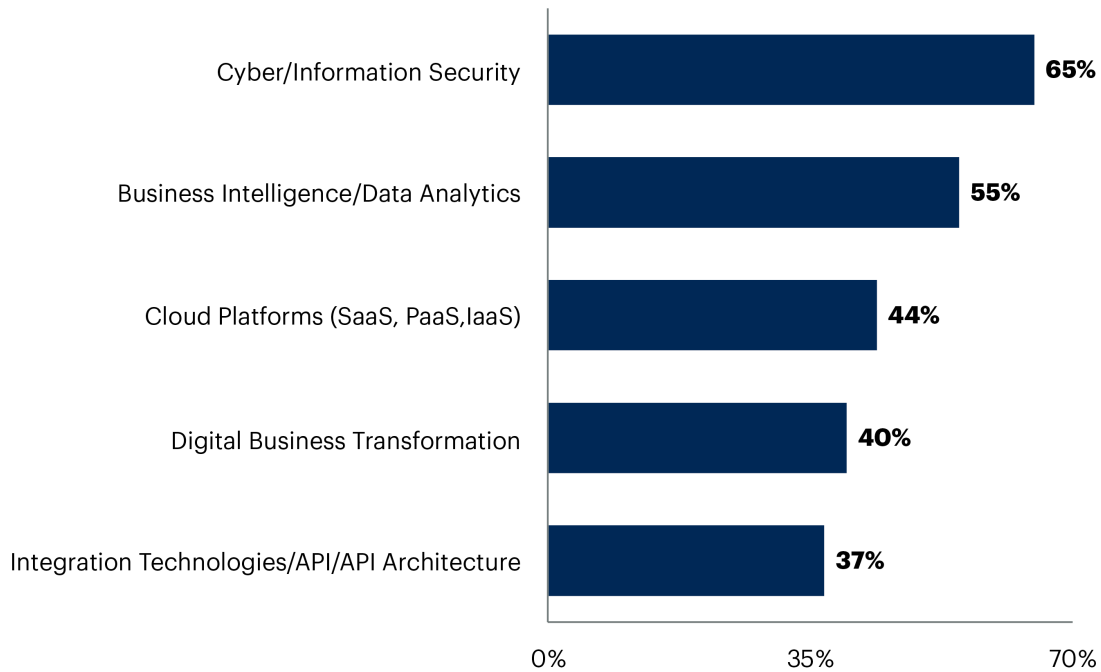
Introduction

Targeted investment priorities and pragmatic approaches are key to maximizing resources and capacity for change within a resource-constrained environment. According to midsize enterprise (MSE) respondents of the 2022 Gartner CIO and Technology Executive Survey, the top five areas to which they will allocate the largest amount of new or additional funding are shown in Figure 1. ¹

Figure 1: Technology Areas Where the Largest Amount of New or Additional Funding Will Be Spent in 2022 Compared With 2021

Technology Areas Where the Largest Amount of New or Additional Funding Will Be Spent in 2022 Compared With 2021

Five Most Common Among MSE Respondents



n = 394 MSE CIOs and technology executives answering

Q: What are the technology areas where your enterprise will be spending the largest amount of new or additional funding in 2022 compared with 2021?

Source: 2022 Gartner CIO and Technology Executive Survey

774473_C



While “new and additional funding” is relative to the size of the budget and the planned percentage increase, what is certain is that MSEs are shifting investments from other areas or increasing budgets to fund these top priorities (see Table 1). For MSE technology leaders, the most critical – yet underestimated – step in the process is identifying the best tactical approach (tied to a sound strategy) that can be effectively operationalized and deliver quick time to value.

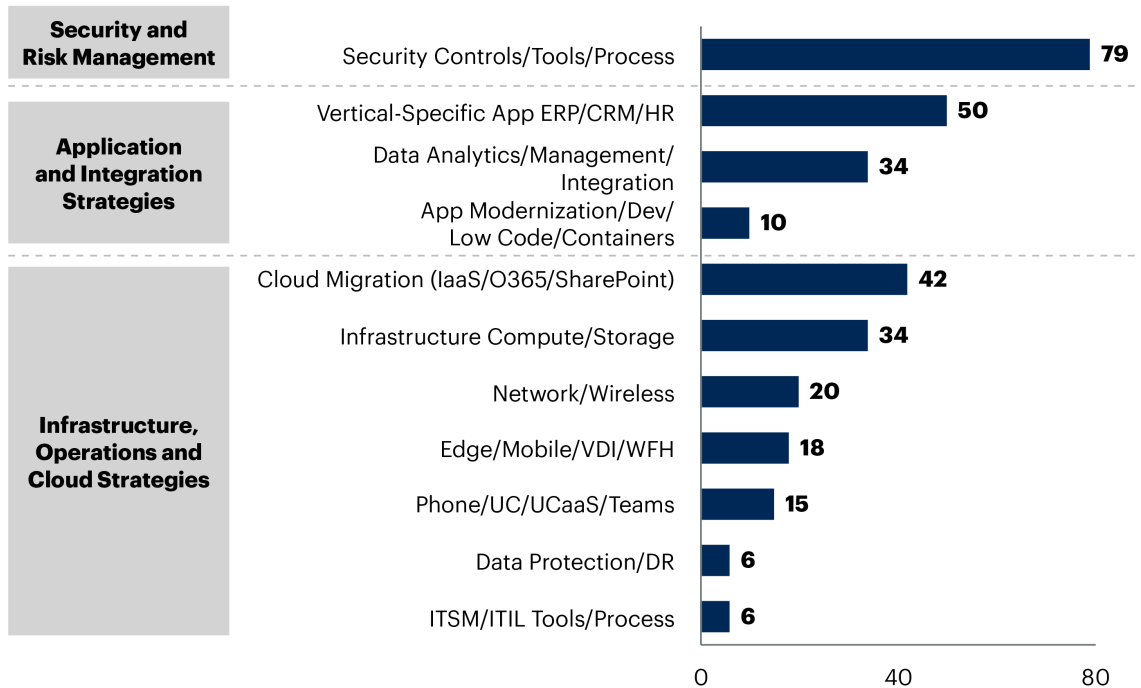
Analysis

As technology leaders in MSEs head into the 2023 budgeting season looking to hone their investment plans for 2022-2023, they face myriad challenges. For some, this is the first time in their career contending with inflationary headwinds combined with a potential economic recession (see [Quick Answer: How Do Midsize Enterprises Plan to Respond to Inflation?](#)). Historically, the response to such economic conditions has been a concerted effort to optimize and cut costs as opposed to championing new or additional investment. As part of an effective modernization strategy, MSE technology leaders must look to rationalize their technology portfolios to continually control costs, while simultaneously investing in solutions that will yield financial or productivity benefits to IT, employees and customers.

MSE technology leaders at the Midsize Enterprise Summit Spring 2022 who participated in the end-user survey were asked to cite their active/upcoming “big projects” (see Figure 2).² This project list correlates with the area of new or additional investment in Figure 1. While the macro trends on the right side of Figure 2 are strategically critical for MSEs, it is the underlying tactical approaches and solutions (on the left) that will ultimately lead to success or failure with a resource-constrained operational environment. Architectural choices must fully consider the operational and cost implications of the tactical approach – principles which should guide decision making.

Figure 2: Top Three Technology Priorities for Midsize Enterprises

Top Three Technology Priorities for Midsize Enterprises



n = 314 Active MSE IT projects “by mention”

Source: Midsize Enterprise Summit Spring 2022 End-User Survey
774473_C



Target Security and Risk Management Investments

Security is the No. 1 area for new or additional investment and where a large percentage of activity is taking place for MSE technology leaders. Security controls, tools and processes are part of virtually every technology discussion and a necessary part of risk mitigation for the business. In fact, 25% of the items on the [Hype Cycle for Midsize Enterprises, 2022](#) are security-related technologies and services (see Table 1).

Table 1: Priority Matrix for Midsize Enterprises, 2022

(Enlarged table in Appendix)

Benefit ↓	Years to Mainstream Adoption		
	Less Than 2 Years ↓	2 - 5 Years ↓	5 - 10 Years ↓
Transformational	CASBs OS Containers	Citizen Data Science Edge Computing Micro Data Centers SASE	
High	Balancing Opex-Capex Endpoint Detection and Response Hyperconvergence ITSM Platforms SD-WAN UEM	API Access Control Application Portfolio Management Augmented Analytics CIPS Data and Analytics Governance Data Breach Response Data Literacy Desktop as a Service Edge Data Management Hybrid Cloud Computing Identity Threat Detection and Response (ITDR) MDR Services NDR Prescriptive Analytics	Distributed Cloud Hybrid Cloud Storage XDR
Moderate	Disaster Recovery as a Service IT Resilience Orchestration	Application Data Management Cloud-Tethered Compute Firewall as a Service Low-Code/No-Code Solutions Managed SIEM Services Self-Service Data and Analytics SMP	Cloud Data Backup Container Backup

Source: Gartner

With these technologies, services and solutions, it is difficult to know where to focus. The answer will be different for every organization based on their current maturity, resources and capabilities, and risk profile. However, the areas which must be prioritized among MSEs, regardless of maturity level, are:

- Data breach
- Ransomware
- Threat hunting
- Incident response

Bad actors will not wait until you're ready to defend against them before they attack. In fact, many MSEs have unknowingly been breached. Any organization must be prepared at all times to defend against an adversary and maintain business operations regardless of the size of the business or the dollars invested in security tools and controls. Appropriate incident response and management of a breach can substantially reduce regulatory fines, cyberinsurance premiums, potential revenue loss and impact on business operations. Inversely, delayed response, limited transparency and overly legal communications often elicit regulatory investigations and result in reputational damage and customer loss.

Hence, a critical aspect of a security program is how fast an organization can detect and contain any security incident. MSE technology leaders cannot accomplish this without strong identification and response technologies. Leveraging managed security service providers (MSSPs) and/or managed SIEM services and MDR services allows technology leaders in MSEs to partner with vendors who have the technical resources, threat intelligence and response capabilities to quickly identify, contain and limit the impact of potential intrusion or breach (see [Market Guide for Managed Detection and Response Services](#)). These services will emulate the capabilities of a security operations center (SOC) and provide 24/7 coverage for your environment at a price point midsize enterprises can afford. These managed providers can respond and contain threats much quicker than internal team operation teams who cannot typically staff 24/7 and/or are not focused solely on security and who usually juggle security tasks with other operational priorities.

Exploit and Monetize Data With Artificial Intelligence and Machine Learning

Impactful use of relevant internal and external data is an essential and critical component to enable midsize business growth strategy. In many cases allow them to achieve parity and/or differentiation within their industries without massive resource investment. Applications and data silos prevail in the modern digital midsize enterprise, making practical analytics and insights complex, cumbersome, expensive and sometimes impossible. Technologies that were previously considered too complicated and expensive or inviable such as artificial intelligence and machine learning, are now viable for MSEs. Thus, putting the tools needed to derive important insights and conclusions into the hands of technology leaders in midsize enterprises. In turn, their IT organization can provide insights into practical and easily monetizable use cases such as customer behaviors & conversion, product analytics, purchasing behaviors and buying patterns. Thus enabling targeted and highly effective marketing campaigns augmented with machine learning and AI, allowing midsize enterprises to target investments using predictive analysis.

An integration-first approach for MSEs is foundational to achieving results from data-driven analytics and insights initiatives. Leveraging application programming interface (API) development to exchange, extract and transform key business data resident across the enterprise application portfolio is a fundamental component to real-time analysis and data-driven decision making. (see [API Strategy for Midsize Enterprises](#)). Engineering meaningful datasets into data dimensions that source analytics tools and AI models will give MSEs tools and capabilities needed to compete against companies with substantially more resources.

Tactical application of AI, analytics, integrations and a data-driven business strategy are also cost-effective application modernization strategies. These tools can breathe new life into critical business applications and require little in terms of investment, while allowing MSEs to more effectively monetize enterprise data that already exists across the organization to build impactful data-driven outputs such as predictive models.

Implement Purpose-Built Hybrid Infrastructure Services

MSEs must design and implement software-defined solutions for heterogeneous workloads that can securely traverse on-premises, edge and cloud-native environments. The impetus behind this approach is to:

- Enable optimal workload placement.
- Maximize performance.
- Optimize costs.
- Simplify operations.

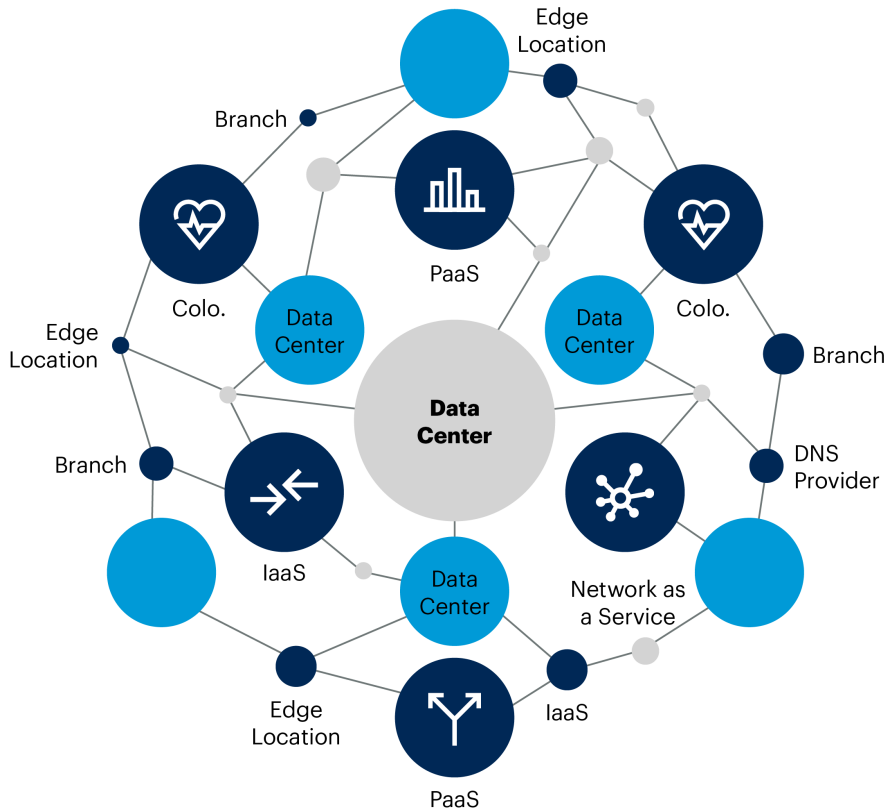
Specific requirements must drive workload placement strategies — such as delivering end users of desktop services to specific regions to improve end user experience (for example, latency, performance) — as opposed to rigid conformance to an “all in” cloud strategy.

MSE technology leaders’ visions for how to effectively design and deliver infrastructure services should not be confined to historical preconceptions of “the data center” but rather what is feasible in a software-defined mesh (see Figure 3). To that end, workload placement and infrastructure investment decisions are not a binary choice between on-premises and cloud, yet too often MSE technology leaders conflate public cloud as a requirement to run cloud services. For MSEs, running cloud services such as containers on-premises is the most cost-effective and pragmatic way to run and support critical workloads that require:

- On-premises compute to address latency and performance
- Functionality in a disconnected state
- On-premises deployment due to regulatory or compliance requirements

Figure 3: The Data Center Is No Longer Defined by Walls

The Data Center Is No Longer Defined by Walls



Source: Gartner
774473_C

Gartner.

The foundational elements of this approach include but are not limited to:

- Adopting hyperconverged infrastructure services (HCI) to deliver hybrid infrastructure services that integrate on-premises and edge, VMs and container services in a unified “single pane of glass” management experience.

- Simplifying architecture, administration and upskilling by delivering hybrid infrastructure services within the confines of a single infrastructure as a service provider or working with a partner that adopts this same approach (see [Using a Single IaaS Provider Ecosystem is Sound Infrastructure Strategy for Midsize Enterprises](#)).
- Limiting investment in on-premises infrastructure when economies of scale align with public cloud infrastructure services — such as hybrid cloud storage to address retention of petabytes of data for retention of video/surveillance archives.
- Incorporate data protection and resilience orchestration — including ransomware protection — into hybrid infrastructure services strategy and whenever possible leverage the same vendor ecosystem to rationalize the portfolio, optimize costs, enable seamless operations and improve resiliency. For example, Veeam Backup and Recovery coupled with Veeam Availability Orchestrator and stand-alone modules to protect Microsoft 365 (Exchange, SharePoint Online, OneDrive and Microsoft Teams) and Kubernetes (Kasten) is an effective way to leverage one provider to effectively protect a typical MSE hybrid infrastructure environment.

Evidence

The 2022 Gartner CIO and Technology Executive Survey. This survey was conducted to help CIOs and technology executives adopt business composability as a means to thrive during periods of volatility and uncertainty. It was conducted online from 3 May 2021 through 19 July 2021 among Gartner Executive Programs members and other technology executives. Qualified respondents are each the most senior IT leader (CIO) for their overall organization or a part of their organization (for example, a business unit or region). The total sample is 2,387, with representation from all geographies and industry sectors (public and private), including 395 from midsize enterprises. The survey was developed collaboratively by a team of Gartner analysts and Gartner's Research Data, Analytics and Tools team.

Midsize Enterprise Summit Spring 2022 End-User Survey. The survey was conducted from March through April 2022 ahead of the [The Channel Company](#) Midsize Enterprise Summit Spring 2022 to identify the active/upcoming “big projects” from the 134 MSE CIOs and IT leaders in attendance. 314 total responses were received.

Disclaimer: Survey results do not represent global findings or the market as a whole, but reflect sentiment of the respondents and companies surveyed.

Recommended by the Authors

Some documents may not be available as part of your current Gartner subscription.

[Hype Cycle for Midsize Enterprises, 2022](#)

[Common Pitfalls to Avoid When Developing Your Workload Placement Strategy](#)

[Quick Answer: How Should Midsize Enterprise I&O Leaders Think About Edge Computing?](#)

[How the Digital Workplace Defines the Future of Work in the Midsize Enterprise](#)

© 2022 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner is a registered trademark of Gartner, Inc. and its affiliates. This publication may not be reproduced or distributed in any form without Gartner's prior written permission. It consists of the opinions of Gartner's research organization, which should not be construed as statements of fact. While the information contained in this publication has been obtained from sources believed to be reliable, Gartner disclaims all warranties as to the accuracy, completeness or adequacy of such information. Although Gartner research may address legal and financial issues, Gartner does not provide legal or investment advice and its research should not be construed or used as such. Your access and use of this publication are governed by [Gartner's Usage Policy](#). Gartner prides itself on its reputation for independence and objectivity. Its research is produced independently by its research organization without input or influence from any third party. For further information, see "[Guiding Principles on Independence and Objectivity](#)."

Table 1: Priority Matrix for Midsize Enterprises, 2022

Benefit ↓	Years to Mainstream Adoption		
	Less Than 2 Years ↓	2 - 5 Years ↓	5 - 10 Years ↓
Transformational	CASBs OS Containers	Citizen Data Science Edge Computing Micro Data Centers SASE	
High	Balancing Opex-Capex Endpoint Detection and Response Hyperconvergence ITSM Platforms SD-WAN UEM	API Access Control Application Portfolio Management Augmented Analytics CIPS Data and Analytics Governance Data Breach Response Data Literacy Desktop as a Service Edge Data Management Hybrid Cloud Computing Identity Threat Detection and Response (ITDR) MDR Services NDR Prescriptive Analytics	Distributed Cloud Hybrid Cloud Storage XDR

<i>Benefit</i>	<i>Years to Mainstream Adoption</i>		
↓	Less Than 2 Years ↓	2 - 5 Years ↓	5 - 10 Years ↓
Moderate	Disaster Recovery as a Service IT Resilience Orchestration	Application Data Management Cloud-Tethered Compute Firewall as a Service Low-Code/No-Code Solutions Managed SIEM Services Self-Service Data and Analytics SMP	Cloud Data Backup Container Backup

Source: Gartner